

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 749 - SB 743**

March 25, 2015

**SUMMARY OF BILL:** Deletes allocation formula relative to litigation taxes, court costs, and fines. Authorizes fines, costs, and litigation taxes to be collected separately.

Repeals provision authorizing court clerks to keep up to 50 percent of moneys collected to fund in-house collections.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Net Impact – \$164,800/FY14-15  
\$988,900/FY15-16 and Subsequent Years**

**Increase Local Revenue – \$164,800/FY14-15  
\$988,900/FY15-16 and Subsequent Years**

**Assumptions:**

- The Department of Revenue reports that litigation tax collections were \$19,778,633 in FY13-14. The bill would no longer require litigation taxes, specifically the state litigation tax, be collected first.
- Collections for state litigation taxes will be impacted. It is assumed the bill will decrease state litigation tax collections by 10 percent. The bill will decrease state revenue by \$1,977,863 ( $\$19,778,633 \times 0.1$ ).
- Assuming payments by criminals remain constant, the decrease in state revenue would be accompanied by an increase in local revenue for court costs and an increase in state revenue for criminal fines.
- It is assumed that 50 percent of the moneys lost from litigation tax revenue will be paid for court costs and that 50 percent will be paid for criminal fines.
- The bill will result in an decrease in state criminal fine revenue of \$988,932 ( $\$1,977,863 \times 0.5$ ). The bill goes into effect upon becoming a law. The bill will result in a net decrease in state revenue of \$988,931 ( $\$1,977,863 - \$988,932$ ) in FY15-16 and subsequent fiscal years and will result in a net decrease in state revenue of \$164,822 [ $(\$988,931 / 12) \times 2$ ] in FY14-15.
- The bill will increase local revenue from court costs by \$988,932 ( $\$1,977,863 \times 0.5$ ) in FY15-16 and subsequent fiscal years and by \$164,822 [ $(\$988,932 / 12) \times 2$ ] in FY14-15.
- The bill will impact court clerk operations because clerks will have to ask a criminal litigant how he or she wants the payment allocated. It is assumed that the impact is not significant and can be handled within court clerks' existing resources.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive style with a large, stylized "J" and "S".

Jeffrey L. Spalding, Executive Director

/trm